

VZCZCXRO2985
PP RUEHDBU RUEHHM RUEHPB
DE RUEHMO #1676/01 1021643
ZNY CCCCC ZZH
P 121643Z APR 07
FM AMEMBASSY MOSCOW
TO RUEHC/SECSTATE WASHDC PRIORITY 9199
INFO RUCNCIS/CIS COLLECTIVE
RUEHZN/EST COLLECTIVE
RUEHRL/AMEMBASSY BERLIN 1918
RUEKJCS/SECDEF WASHDC
RHEHNSC/NSC WASHDC
RHEHAAA/WHITE HOUSE WASHDC
RHEBAAA/DEPT OF ENERGY WASHDC
RUCPDOG/DEPT OF COMMERCE WASHDC

C O N F I D E N T I A L SECTION 01 OF 04 MOSCOW 001676

SIPDIS

SIPDIS

DEPARTMENT FOR ISN/CTR (RADTKE), OES/STAS (DR. ATKINSON),
OES/STC (DAUGHARTY), EUR/RUS (GUHA), EUR/ACE (YOUTH)
BERLIN FOR HAGEN
WHITE HOUSE FOR OSTP (DR. MARBURGER)
DOD FOR CTR (AWEBER, JREID)

E.O. 12958: DECL: 04/11/2017

TAGS: [TSPL](#) [TBIO](#) [PINR](#) [PGOV](#) [ECON](#) [RS](#)

SUBJECT: RUSSIA: CAN OLD SCIENTISTS LEARN NEW TRICKS?

REF: A. MOSCOW 1241

[1](#)B. MOSCOW 933

[1](#)C. MOSCOW 551

[1](#)D. 06 MOSCOW 11278

[1](#)E. 06 MOSCOW 9563

[1](#)F. 06 MOSCOW 6692

[1](#)G. 06 MOSCOW 6355

[1](#)H. 06 MOSCOW 4823

[1](#)I. 06 MOSCOW 4075

Classified By: EST Counselor Daniel O'Grady. Reasons: 1.4 (b,d,e)

[1](#)1. (C) SUMMARY: To assess the changing science climate in Russia and funding implications (especially for institutes employing former weapons experts), ISN/CTR's Jefferson Science Fellow recently visited several scientific institutes in the Moscow area and met with government officials and representatives of the Russian Academy of Sciences (RAS) and the Academy of Medical Sciences (RAMS). Many institutes already are beginning to feel the effects of greater state control, through forced reorganizations and mergers with other institutes; restrictions on outside sources of funding and extended work abroad; and government orders to focus on certain research areas. Scientists still complain about meager salaries compared to the cost of living, and are frustrated at the limited tax-free avenues for obtaining foreign grants. We suspect some of the grouching is a natural reaction to the pruning of "dead wood" that the Academies' institutes must undergo to become more competitive. END SUMMARY.

Location, Location, Location

[1](#)2. (C) GOR efforts are already underway at some institutes to assert control over RAS land holdings and convert them to commercial uses (Refs D, E). The Engelhardt Institute of Molecular Biology in Moscow was recently informed by the GOR that they are to be merged with the Institute for Gene Biology, one block away. As a result, they were told they must give up laboratory space to accommodate the incoming scientists and their equipment. (NOTE: The institute is being torn down by the GOR to erect a new high-rise office building. END NOTE) Rather than welcoming their unfortunate colleagues with open arms, the Engelhardt scientists openly displayed anger and resentment, since laboratory space and

resources were in many cases already strained.

13. (C) Several key institutes under the direction of the Ministry of Health and Social Development (MOHSD) recently received hefty funding for renovations and the acquisition of large pieces of equipment. The funds cannot, however, be spent on such items as accessories or auxiliary equipment necessary to operate the new equipment. For example, computers were acceptable purchases, but not monitors or software. More significantly, biosafety and biosecurity equipment was also deemed by MOHSD to be "unnecessary". Several scientists reported that a new massive Anti-Plague Institute has just been commissioned in Moscow, although details as to its actual location are unknown.

Reversing the Brain Drain

14. (C) A new order by the GOR has decreed that any scientist who remains abroad for more than three or four months for any reason will immediately lose his or her permanent institute position. Several newly-minted Ph.D.s interviewed at Engelhardt Institute, along with their research advisors, were unexpectedly approached by the GOR last month for a chance to receive an additional 7,000 rubles per month each. They did not apply for this bonus, nor did their institute, and it was unclear to them why they were selected or what the criteria were, since other recent candidates in the same institute were not approached. In order to receive this additional money, however, they were told they must sign a statement saying that neither they nor their institute would accept ANY money from any other source, foreign or Russian, and that they would not go abroad for postdoctoral work.

MOSCOW 00001676 002 OF 004

Rightsizing and Rationalizing Science Institutes

15. (SBU) All of the RAS institutes have just completed a massive analysis of their scientific efforts over the past five years. The assessment, which was ordered by the GOR and was due on March 1, will be used to rank the institutes. Those institutes deemed to be the "most productive" will remain open, while those that are deemed "unproductive" will be considered for closure or merger with another institute. The assessment will also determine the amount of operating funds allocated to an institute. The assessments are to be reviewed and ranked by a committee appointed by the Ministry of Education and Science, although the RAS has demanded that specific criteria be established to assure a fair outcome, since there will only be three scientists on the panel of nine.

Can Old Dogs Really Learn New Tricks?

16. (C) One of the chemistry groups at Engelhardt was recently informed by their institute director that they were to put aside all other research to concentrate on producing large quantities of a compound that had exhibited strong activity against avian influenza for an institute associated with Urals State University, an institute with which Engelhardt collaborated in the past. The drug is to be aggressively marketed, despite having no defined mechanism of action, no data about toxicity, and very limited clinical trials. Concerns about drug safety were brushed aside, and the group's director finally questioned their own role in this joint project, since there were no plans for determining the drug's mechanism of action or improving activity -- their usual focus. The response: "There is no more money for this type of research. Just make the compound and be quiet."

17. (C) Several institutes whose research focuses on biological testing, clinical trials, medicinal chemistry, or drug design and development, have seen significant funding

cuts. The Engelhardt Institute of Molecular Biology, Ivanovsky Institute of Virology, Shemyakin-Ovchinnikov Institute of Bioorganic Chemistry, Martsinovskiy Institute of Medical Parasitology and Tropical Medicine, Institute of Developmental Biology, and the State Research Institute of Organic Chemistry, all reported that institutes that normally screen compounds for biological activity have been told there is no more money for such work. The chemistry groups that synthesize potential drugs have also been told there is no money for biological testing and clinical trials. Instead, MOHSD recently formed a new office to conduct all biological testing, but scientists are loath to send samples there, as it is to be staffed with non-scientific personnel. Despite this heartburn, they will likely have no alternative, since there are only a few expensive private companies that conduct this type of work.

You Do the Math: Salaries and Foreign Grants

18. (C) Despite steady increases in many salaries, scientists stated that paychecks were still too low to match the high cost of living, particularly in Moscow. Many scientists reported that they are still owed significant back pay, and many institutes received insufficient funding to cover their operating costs during the past few years. Several scientists reported that if an institute is closed, the GOR would no longer be responsible for arrears owed to either the scientists or the institute.

19. (C) The GOR issued new salary guidelines for scientists and institute administrators in November 2006. Each salary must now be calculated using a complicated point system. The factors used to calculate the points are based on twelve different categories, including, among other things, the number of publications, the ranking of the journals in which they are published, whether the journal is Russian or international, the citation index of the journal, the number

MOSCOW 00001676 003 OF 004

of authors on the paper, the number of domestic and international conferences attended, the number of invited talks, oral or poster presentations, the number of authors on those presentations, the number of Ph.D. students trained, or if the employee is a graduate student, how old the students is and how long the student has been studying towards the Ph.D. The points must reflect only the prior 24 months of information, so each salary must be recalculated each month.

110. (C) Scientists from the State Research Institute of Organic Chemistry and Technology stated that they have developed a promising anticancer compound, and that a British company has expressed interest in marketing the potential drug. MOHSD, however, has told them they cannot sign an agreement with the company until they obtain a patent, given the current concern over IPR issues. Before they can apply for the patent, however, further clinical trials are required. MOH has cut their funding significantly and as a result, they have no money to pursue the clinical testing. MOHSD also recently closed the government office that reviewed and submitted grant proposals to foreign sources, leaving the scientists to guess to whom within the GOR they should submit proposals and what agency might provide funds for clinical trials or commercialization efforts.

111. (C) Some institutes, including the Institute for Immunological Engineering, TEMPO, and Shemyakin and Ovchinnikov Institute, noted that they are leery of applying for grants from some foreign sources like the U.S. National Institutes of Health (NIH), because of uncertainty about whether Russian authorities will tax such grants. There are few well-established tax-free foreign funding mechanisms, other than the International Science and Technology Center (ISTC) and Civilian Research and Development Foundation (CRDF).

¶12. (C) Many Moscow academicians were scornful of GOR proposals to establish by the end of 2007 two new large regional universities in Rostov-on-Don and Krasnoyarsk, which would serve as prototypes for other regional universities. Typical was this comment: "Who will go to such a place? You may convince some students to apply because it is closer to their homes, but what will such places attract in terms of first class professors? No one would leave a prestigious position in Moscow or St. Petersburg to take up a job in the middle of nowhere!"

Comment: Sour Grapes?

¶13. (C) Many institutes and their scientists are clearly feeling the effects of the pruning of "dead wood" in the RAS and RAMS. Despite assertions that the GOR has long coveted RAS and RAMS real estate holdings and disliked their relative independence, the Academies' white-haired septuagenarians share some of the blame in failing to focus greater attention on priority research and commercialization (Ref D). While the financial situation for Moscow-based researchers may prove challenging, scientists in Nizhniy Novgorod and Troitsk have told us that current salary levels generally allow institute staff to live comfortably, if not lavishly. We suspect at least some of the grouching from scientists reflects sour grapes over the unfortunately necessary steps these institutes must take to keep from falling further behind leaner and more business-savvy Russian competitors (Refs A, B). While the GOR continues to demand greater commercialization, it has yet to remove some of the most significant obstacles obstructing technology transfer, chief among them the question of IPR. Four draft laws that would clarify and improve the IPR situation are now in the Duma; their enactment would help scientists help themselves. END COMMENT.

¶14. (C) (NOTE: Four fundamental GOR documents on the on-going RAS and RAMS changes are available on request from ISN/CTR Jefferson Science Fellow Katherine Radtke: phone: 202-736-7693, e-mail: RadtkeKL@state.sgov.gov). They are: 1) a list of 32 priority research areas originally proposed for funding priorities by RAS; 2) an official list of 12 funding

MOSCOW 00001676 004 OF 004

priorities recently announced by MOHSD; 3) a translated November 2006 order by the Ministry of Education and Science and the MOHSD, dictating a new procedure to "stimulate bonuses"; and 4) the translated procedure and point system for calculating the bonuses. END NOTE)
BURNS